



HDFC ERGO RAISES RS 350 CR THROUGH NCD AND STRENGTHENS ITS SOLVENCY

Mumbai, 16th January, 2017: HDFC ERGO General Insurance Company, India's third largest non-life insurance provider in the private sector, has raised Rs. 350 crore through Non-Convertible Debentures (NCDs). This was done by way of the private placement of unsecured, subordinated, redeemable, NCDs of face value Rs. 10 Lac each.

HDFC ERGO NCDs are raised as the *subordinated debt* of the company. The NCDs were issued on 9th November, 2016 which carry a coupon rate of 7.6% p.a., have been listed on the Bombay Stock Exchange and have a tenure of 10 years with a call option at the end of 5 years. The NCDs are AAA rated, with stable outlook, by leading credit rating agencies CRISIL and ICRA. Instruments with the AAA (pronounced triple-A) rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. The proceeds of the NCDs issue will be used by the company to strengthen its solvency position.

Commenting on the announcement, **Mr. Ritesh Kumar, Managing Director & CEO, HDFC ERGO General Insurance Company Ltd.** said: *"Raising Rs.350 crore through the NCD issue is a significant event for HDFC ERGO this year and comes soon after the acquisition of L&T General Insurance. We are very excited; this fund-raising of subordinated debt will strengthen the financial position of the company and pave the path for future growth."*

Since insurance is a capital-intensive business, *subordinated debt* capital plays a significant role. Insurers, like banks, too are now allowed to raise *subordinated debt* under IRDAI's Other Forms of Capital Regulations.

HDFC ERGO holds a market share of 4.3% (as of H1FY 2017) and is the 3rd largest private non-life insurance company.

About HDFC ERGO:

HDFC ERGO General Insurance Company is a 51:49 joint venture between HDFC Ltd.; India's premier Housing Finance Institution and ERGO International AG; the primary insurance entity of the Munich Re Group of Germany. The company offers complete range of general insurance products ranging from Motor, Health, Travel, Home and Personal Accident in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space. HDFC ERGO is expanding its network across the country and is today present in 108 branches spread across 91 cities with an employee base of over 2000 professionals. The Company also has a wide distribution network besides its own direct sales force.

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